

To the General Meeting of  
**World Bridge Federation, Lausanne**

Lausanne, 9 June 2020

## **Report of the statutory auditor on the limited statutory examination**

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of World Bridge Federation for the financial year ended 31 December 2019.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd

Licensed audit expert  
(Auditor in charge)

Licensed audit expert

### **Enclosure**

- ▶ Financial statements (balance sheet, income statement and notes)

**World Bridge Federation, Lausanne**

**Balance sheet as of 31 December 2019**

	2019		2018	
	EUR	CHF	EUR	CHF
<b>CURRENT ASSETS</b>				
Cash and bank balances	1'802'880.68	1'960'506.54	1'888'463.77	2'125'352.67
Financial assets	1'002'703.43	1'090'369.79	653'988.25	736'024.54
Receivables	1 65'324.32	71'035.63	69'557.38	78'282.66
Other receivables	3'576.29	3'888.97	0.00	0.00
Inventory	3'851.20	4'187.91	3'851.20	4'334.29
Prepaid expenses	2 30'284.28	32'932.03	32'101.55	36'128.37
<b>Total current assets</b>	<b>2'908'620.20</b>	<b>3'159'031.89</b>	<b>2'647'962.15</b>	<b>2'980'122.53</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets	3 0.00	0.00	30'000.00	33'763.20
Tangible fixed assets	4 7'808.71	8'491.43	13'987.26	15'741.83
<b>Total non-current assets</b>	<b>7'808.71</b>	<b>8'491.43</b>	<b>43'987.26</b>	<b>49'505.03</b>
<b>TOTAL ASSETS</b>	<b>2'916'428.91</b>	<b>3'166'786.36</b>	<b>2'691'949.41</b>	<b>3'029'627.56</b>
<b>CURRENT LIABILITIES</b>				
Bank overdraft	-677.71	-736.96	0.00	0.00
Trade payables	5 -53'269.28	-57'926.61	-76'139.28	-85'690.19
Trade payables with related party	-2'019.05	-2'195.58	0.00	0.00
Deferred income	6 -49'666.67	-54'009.03	-49'666.67	-55'896.86
Accrued expenses	6 -20'209.63	-21'976.56	-33'203.73	-37'368.81
Rate differences investments	6 -31'338.93	-34'078.89	-7'946.88	-8'943.74
<b>Total current liabilities</b>	<b>-157'181.27</b>	<b>-170'923.63</b>	<b>-166'956.56</b>	<b>-187'899.60</b>
<b>PROVISIONS AND FUNDS</b>				
Provision	-42'280.46	-45'977.04	-8'348.10	-9'395.29
Competitions Fund	-125'000.00	-135'928.75	-75'000.00	-84'408.00
World Championships Book Fund	-10'000.00	-10'874.30	-14'000.00	-15'756.16
Youth Fund	-110'421.31	-120'075.45	-122'490.02	-137'855.17
Bridge Promotion and Development Fund	-91'938.19	-99'976.35	-99'236.11	-111'684.29
<b>Total provisions and funds</b>	<b>-379'639.96</b>	<b>-412'831.88</b>	<b>-319'074.23</b>	<b>-359'098.91</b>
<b>EQUITY</b>				
Capital	-1'939'133.53	-2'082'435.50	-1'939'133.53	-2'082'435.50
Retained earnings	-266'785.09	-299'093.38	-206'218.67	-229'162.58
Surplus/Deficit	-173'689.06	219'245.05	-60'566.42	-69'930.80
Translation differences	0.00	-12'320.07	0.00	-101'100.16
<b>Total Equity</b>	<b>-2'379'607.68</b>	<b>-2'613'094.00</b>	<b>-2'205'918.62</b>	<b>-2'482'629.04</b>
<b>TOTAL LIABILITIES</b>	<b>-2'916'428.91</b>	<b>-3'166'786.36</b>	<b>-2'691'949.41</b>	<b>-3'029'627.55</b>

**World Bridge Federation, Lausanne**

**Income statement as of 31 December 2019**

		2019		2018	
		EUR	CHF	EUR	CHF
<b>INCOME</b>					
Income from Championships	7	1'215'060.77	1'351'707.72	1'065'716.10	1'230'490.02
Membership dues		520'308.04	578'822.40	515'051.49	594'685.32
Miscellaneous income		14'650.30	16'297.89	1'678.28	1'937.76
<b>Total operating income</b>		<b>1'750'019.11</b>	<b>1'946'828.01</b>	<b>1'582'445.87</b>	<b>1'827'113.10</b>
<b>EXPENSES</b>					
Competition costs	7	-886'189.55	-985'851.31	-895'033.59	-1'033'417.72
Salaries	8	-98'775.37	-109'883.75	-86'541.98	-99'922.52
Other committees	9	-18'021.13	-20'047.80	-18'930.11	-21'856.96
Publication and promotion	10	-48'003.27	-53'401.77	-43'905.58	-50'693.97
Depreciation of fixed assets	4	-7'641.67	-8'501.06	-6'468.43	-7'468.54
Other expenses	11	-399'911.90	-444'886.39	-407'177.98	-470'133.12
Other provisions	12	-28'300.00	-31'482.65	-8'348.10	-9'638.83
<b>Total operating expenses</b>		<b>-1'486'842.89</b>	<b>-668'203.42</b>	<b>-1'466'405.77</b>	<b>-1'693'131.66</b>
<b>Operating result</b>		<b>263'176.22</b>	<b>1'278'624.59</b>	<b>116'040.10</b>	<b>133'981.44</b>
Financial income		32'208.55	35'830.76	58'518.24	67'565.94
Financial expenses		-10'431.43	-11'604.56	-41'332.61	-47'723.18
<b>Financial result</b>		<b>21'777.12</b>	<b>24'226.20</b>	<b>17'185.63</b>	<b>19'842.76</b>
Income relating to other periods	13	5'367.04	5'970.62	1'245.40	1'437.96
Expenses relating to other periods	13	-985.57	-1'096.41	-23'977.05	-27'684.22
<b>Other periods result</b>		<b>4'381.47</b>	<b>4'874.21</b>	<b>-22'731.65</b>	<b>-26'246.26</b>
Funds variation	14	-115'645.75	-128'651.39	-49'927.66	-57'647.14
<b>PROFIT/LOSS OF THE YEAR</b>		<b>173'689.06</b>	<b>219'245.05</b>	<b>60'566.42</b>	<b>69'930.80</b>

## World Bridge Federation, Lausanne

### Notes to the financial statement as of 31 December 2019

#### Applicable accounting law:

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 - 963b Swiss Code of Obligations (CO) (effective 1 January 2013).

#### Exchange rates :

World Bridge Federation's books are kept and presented in euros. Transactions in currencies other than the euro are recorded at the daily rate of exchange prevailing on the dates of the transactions.

For the statutory financial statement presentation, assets and liabilities recorded in euros are translated into Swiss francs using the closing rate, while revenue and expenses items are translated at the daily average exchange rate for the period. Undesignated reserves are translated at historical rate.

Currency translation adjustment resulting from the application of this method is classified as reserves and disclosed under translation differences.

Exchange rates used for the balance sheet or resulting from the income statement are as follows:

	2019	2018
Closing rate	1.09	1.13
Average rate	1.11	1.16

#### Information, breakdowns and explanations relating to balance sheet and income statement items:

	2019		2018	
	EUR	CHF	EUR	CHF
<b>CURRENT ASSETS</b>				
<u>1. Receivables</u>	65'324.32	71'035.63	69'557.38	78'282.66
	65'324.32	71'035.63	69'557.38	78'282.66
<u>2. Prepaid expenses</u>	30'284.28	32'932.03	32'101.55	36'128.37
	30'284.28	32'932.03	32'101.55	36'128.37
<b>NON-CURRENT ASSETS</b>				
<u>3 Financial assets</u>				
Cash guarantees	0.00	0.00	30'000.00	33'763.20
	0.00	0.00	30'000.00	33'763.20
<u>4 Tangible fixed assets</u>				
- General equipment	64'673.23	70'327.61	64'673.23	72'785.84
- Depreciation General equipment	-61'917.94	-67'331.43	-58'203.86	-65'504.95
- Hard ware - Others than Internet	55'577.16	60'436.27	52'011.23	58'535.52
- Depreciation Hard ware - Others than	-51'743.74	-56'267.70	-48'493.34	-54'576.34
- Small equipment	39'915.85	43'405.69	39'915.85	44'922.89
- Depreciation Small equipment	-39'915.85	-43'405.69	-39'915.85	-44'922.89
- Software - Junior	5'038.67	5'479.20	5'038.67	5'670.72
- Depreciation Software - Junior	-5'038.67	-5'479.20	-5'038.67	-5'670.72
- Software - Other	18'697.87	20'332.62	16'867.87	18'983.78
- Depreciation Software - Other	-17'477.87	-19'005.96	-12'867.87	-14'482.02
	7'808.71	8'491.43	13'987.26	15'741.83
	7'808.71	8'491.43	13'987.26	15'741.83
<b>CURRENT LIABILITIES</b>				
<u>5 Current liabilities comprise</u>				
Various other	-55'288.33	-60'122.19	76'139.28	85'690.19
Accounts payable	-55'288.33	-60'122.19	76'139.28	85'690.19
	-55'288.33	-60'122.19	76'139.28	85'690.19
	-55'288.33	-60'122.19	76'139.28	85'690.19
<u>6 Accrued expenses and deferred income</u>				
Accrued expenses	20'209.63	21'976.56	33'203.73	37'368.81
Rate differences investments	7'946.88	8'641.68	7'946.88	8'943.74
Deferred income sponsoring WWBC 2019	49'666.67	54'009.03	49'666.67	55'896.86
	77'823.18	84'627.26	90'817.28	102'209.41
	77'823.18	84'627.26	90'817.28	102'209.41

## 7 Income from championships

This comprises the results of the following championships:

	Income	Expenses	Result 2019	Result 2019
	EUR	EUR	EUR	CHF
World Wide Bridge Contest	20'097.49	-21'228.93	-1'131.44	-1'258.68
WBF simultaneous pairs supporting youth	2'276.35	-648.48	1'627.87	1'810.94
IMSA World Masters Hengshui 2019	351'650.00	-280'565.53	71'084.47	79'078.70
IOC grant	14'017.88	0.00	14'017.88	15'594.34
Zonal organisations	0.00	-23'034.95	-23'034.95	-25'625.48
Robot games-Ebridge	2'110.17	-6'204.38	-4'094.21	-4'554.65
2018 Orlando WBS	0.00	0.00	0.00	-
2019 Wuhan World Team Champ & Transnat Op	725'302.19	-453'675.59	271'626.60	302'174.00
2018 17th World Youth Teams Wujiang	0.00	0.00	0.00	-
2019 World Youth Open Champ Opatija	99'606.69	-99'606.69	0.00	-
University Bridge Internet	0.00	-1'225.00	-1'225.00	-1'362.76
Asian games	0.00	0.00	0.00	-
WBF First Youth Online Champ	0.00	0.00	0.00	-
	<u>1'215'060.77</u>	<u>-886'189.55</u>	<u>328'871.22</u>	<u>365'856.41</u>

This comprises the results of the following championships in prior year:

	Income	Expenses	Result 2018	Result 2018
	EUR	EUR	EUR	CHF
World Wide Bridge Contest	31'234.13	-40'405.83	-9'171.70	-10'589.77
WBF simultaneous pairs supporting youth	2'440.57	-690.24	1'750.33	2'020.95
Online Bridge Champ Ourgame/WBC	0.00	0.00	0.00	-
IOC grant	13'833.32	0.00	13'833.32	15'972.14
Zonal organisations arifs grant	0.00	-18'386.57	-18'386.57	-21'229.38
Lyon 2017	0.00	0.00	0.00	-
IMSA Elite M G 2017	0.00	0.00	0.00	-
Robot games	3'824.29	-101.38	3'722.91	4'298.52
2018 Orlando WBS	883'785.33	-705'635.95	178'149.38	205'693.65
2018 17th World Youth Teams Wujiang	130'598.46	-126'254.45	4'344.01	5'015.65
Asian games	0.00	-3'239.17	-3'239.17	-3'739.99
WBF First Youth Online Champ	0.00	-320.00	-320.00	-369.48
	<u>1'065'716.10</u>	<u>-895'033.59</u>	<u>170'682.51</u>	<u>197'072.29</u>

## 8 Salaries

	2019		2018	
	EUR	CHF	EUR	CHF
Milano office personel	-46'891.84	-52'165.34	-46'851.93	-54'095.86
Lausanne office personel	-51'883.53	-57'718.40	-39'690.05	-45'826.66
	<u>-98'775.37</u>	<u>-109'883.75</u>	<u>-86'541.98</u>	<u>-99'922.52</u>

## 9 Other committees

These expenses can be summarised as follows:

WBF Women Committee	-2'000.00	-2'224.92	-2'000.00	-2'309.23
Youth Committee	0.00	-	-374.24	-432.10
Economical & Financial Committee	-5'239.75	-5'829.02	-5'794.69	-6'690.63
Law Committee	-1'590.17	-1'769.00	-3'076.18	-3'551.80
Credential committee	-398.18	-442.96	0.00	0.00
Disiplinary Committee	-1'576.93	-1'754.27	0.00	0.00
Bridge & Science committee	0.00	-	-882.75	-1'019.23
Other Committees	-1'443.68	-1'606.04	-676.24	-780.80
TD committee	-683.11	-759.93	-211.63	-244.35
Medical & anti-doping Committee	-4'180.08	-4'650.18	-5'802.60	-6'699.76
Technical Committee	-909.23	-1'011.48	-111.78	-129.06
	<u>-18'021.13</u>	<u>-20'047.80</u>	<u>-18'930.11</u>	<u>-21'856.96</u>

## 10 Publication and promotion expenses

This comprises the following:

Communication & Web management	-44'176.54	-49'144.68	-43'371.79	-50'077.65
Internet & WFB website	-3'826.73	-4'257.09	-533.79	-616.32
	<u>-48'003.27</u>	<u>-53'401.77</u>	<u>-43'905.58</u>	<u>-50'693.97</u>

## 11 Other expenses

This comprises the following:

President per diem, travel, meals and other exp	-34'469.22	-38'345.66	-36'020.02	-41'589.20
Treasurer per diem, travel, meals and other exp	-22'000.00	-24'474.14	-22'000.00	-25'401.49
Secretary per diem, travel, meals and other exp	-	-	-4'166.67	-4'810.89
External consultants	-41'907.28	-46'620.21	-43'457.31	-50'176.39
Audit, accounting & legal charges	-42'119.20	-46'855.97	-50'842.69	-58'703.65
Insurance charges	-15'487.49	-17'229.23	-7'021.88	-8'107.56
Hearing commission(German,Monaco,Swiss)	-39'013.66	-43'401.18	-8'201.62	-9'469.70
World Bridge News	-110.90	-123.37	-107.04	-123.59
WBF directory communication	-6'000.00	-6'674.77	-	-
Travel and Public relations	-28'825.83	-32'067.61	-19'335.13	-22'324.60
Relations IOC, IMSA, IBPA	-20'329.05	-22'615.28	-31'687.32	-36'586.60
Meeting expenses	-77'207.66	-85'890.51	-99'570.52	-114'965.45
Milano office expenses	-39'599.78	-44'053.21	-36'951.46	-42'664.85
Lausanne office expenses	-20'231.80	-22'507.09	-19'741.17	-22'793.42
Warehouse expenses	-7'120.95	-7'921.78	-6'892.63	-7'958.32
WBF 60th anniversary	-	-	-21'182.52	-24'457.62
Bad debt allowance	-5'489.08	-6'106.39	-	-
	<u>-399'911.90</u>	<u>-444'886.39</u>	<u>-407'177.98</u>	<u>-470'133.33</u>

## 12 Other provisions

Provision VAT payments 2019	-3'300.00	-3'671.12	-	-
German case	<u>-25'000.00</u>	<u>-27'811.53</u>	<u>-8'348.10</u>	<u>-9'638.83</u>
	-28'300.00	-31'482.65	-8'348.10	-9'638.83

## World Bridge Federation, Lausanne

### Notes to the financial statements as of 31 December 2019

<u>13 Result relating to other periods</u>	2019		2018	
	EUR	CHF	EUR	CHF
Various costs relating to previous years unanticipated	-985.57	-1'096.41	-19'712.51	-22'760.33
Cancellation of prior year fees due by members	0.00	0.00	-4'264.54	-4'923.89
Recuperations of cost	3'460.86	3'850.07	0.00	0.00
Various incomes for member accounts regularisation	1'906.18	2'120.55	1'245.40	1'437.96
	4'381.47	2'753.66	-23'977.05	-27'684.22
 <u>14 Funds variation</u>				
Bridge promotion and development fund	-64'017.88	-71'217.39	-43'833.32	-50'610.54
Youth development fund	-1'627.87	-1'810.94	-6'094.34	-7'036.61
general provision	-50'000.00	-55'623.05	0.00	0.00
	-115'645.75	-128'651.39	-49'927.66	-57'647.15

The average number of full-time equivalents for the year was:

The average number of full-time equivalents for the year was below 10.

Subsequent events:

As in many other fields of activities, the world of bridge has been severely hit by the COVID 19 Corona virus crisis.

Last year in the month of September, WBF have organized the World Bridge Teams Championship in the city of Wuhan, China, and all participants and organizers were lucky to leave the city before the outbreak of the Corona crisis.

However, the fact that the bridge community, travelling all over the world and organizing championships involving and provoking multiple contacts among the participants, was particularly vulnerable for this kind of pandemic, became well known.

Beginning of the year 2020, at a time where more and more countries began taking measures to avoid the spreading of the virus, it became clear that organizing bridge events in this year could only be done if global health conditions would be such as to allow for international travel and major gatherings.

Because of the fact that our international championships are programmed to take place in the second half of the year, no immediate decisions needed to be taken.

For the WBF, the upcoming events concern:

The 16<sup>th</sup> World Bridge Games (WBG) (August 21<sup>st</sup> - September 4<sup>th</sup>)

The 18<sup>th</sup> World Youth Teams Championships (July 31<sup>st</sup> - August 9<sup>th</sup>)

Both of these championships scheduled to take place in Salsomaggiore Terme, Italy.

Following the international developments concerning the Corona crisis, and knowing that for the participants to be able to make the necessary preparations quite some time is required, a decision to hold, to cancel or to postpone these events will need to be taken in the next few weeks.

For the WBF and its leaders, to guarantee the health of the participants is clearly the most important constraint.

Whatever decisions will be taken concerning the organization of future championships, this will be the most important guideline.

If and when it should be decided not to organize any (physical) championships in 2020, this would have an impact on the budget, the WBG being awaited to substantially contribute to the financial result of this year.

In this case, an overall break-even result for 2020 seems to be the most realistic outlook. Given however the global financial situation of the WBF, as it appears on its most recent balance sheet, this would not endanger at all the continuity of the Federation.